



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0493	Title:	Allocate video gambling tax to horseracing
Primary Sponsor:	Larsen, Cliff	Status:	As Amended

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
State Special Revenue	\$880,000	\$1,326,000	\$1,690,000	\$2,064,000
Revenue:				
General Fund	(\$880,000)	(\$1,326,000)	(\$1,690,000)	(\$2,064,000)
State Special Revenue MDOL	\$880,000	\$1,326,000	\$1,690,000	\$2,064,000
Net Impact-General Fund Balance:	<u>(\$880,000)</u>	<u>(\$1,326,000)</u>	<u>(\$1,690,000)</u>	<u>(\$2,064,000)</u>

Description of fiscal impact:

SB 493 transfers 15% of the increase above the amount of gambling machine gross income tax to the Board of Horseracing to be used for the good of the existing horseracing industry. Any amount transferred for this purpose has a dollar for dollar negative affect on the general fund balance.

FISCAL ANALYSIS

Assumptions:

1. SB 493 allocates 15% of the increase above the tax collected for Video Gambling Machine Gross Income in FY 2008 to the Board of Horseracing, administratively attached to the Department of Livestock, for the good of Horseracing in Montana.
2. SB 493 uses FY 2008 video gambling machine gross income tax as the base line for determining the amount transferred to the Board of Horseracing instead of the general fund. In FY 2008, video gambling machine gross income was \$63,400,000.
3. Using HJR2 estimates, total collections are projected to be \$66,554,000 in FY 2009; \$69,003,000 in FY 2010 and \$71,973,000 in FY 2011.
4. HJR 2 only projects through FY 2011.
5. OBPP revenue estimates the video gambling machine gross income to be \$74,400,000 in FY 2012 and \$76,896,000 in FY 2013.

6. SB 493 allocates 15% of the increase above the amount of tax collected in FY 2008 to the Board of Horseracing in subsequent years beginning in FY 2010. Table 1 below provides the projected amount of revenue the Board of Horseracing will receive as a result of SB 493 in the far right column.

Table 1: Video Gambling Machine Tax Collections

Amounts listed below are in millions

Revenue Estimate Source	Fiscal Year	Estimated Revenue	Revenue Above FY 2008 (transfers to the general fund)	15% of Revenue Above FY 2008 Amount Allocated to MDOL
Actual	A 2008	\$63.134	\$0.000	\$0.000
HJR2	F 2009	\$66.554	\$3.420	\$0.000
HJR2	F 2010	\$69.003	\$5.869	\$0.880
HJR2	F 2011	\$71.973	\$8.839	\$1.326
OBPP	F 2012	\$74.400	\$11.266	\$1.690
OBPP	F 2013	\$76.896	\$13.762	\$2.064

7. The Board of Horseracing will require 3.00 FTE for program specialists and administrative assistance to manage increased races and activity, and an aggregate race steward position estimated at 40 days of racing at \$300 per day.
8. Operational costs will be necessary and are detailed as follows: rental of office space for \$20,000 per year, contract legal services of \$20,400 per year, rule writing of \$500 in FY 2010 only, a leased vehicle for \$5,913 per year, per diem expenses of \$1,440 per year, lodging of \$700 per year; computers and office furniture for \$4,400 in FY 2010. Total operations = \$53,353 in FY 2010 and \$48,453 in FY 2011.
9. The remainder of the funds will be granted to local race tracks for purse structuring, track and facility improvements, and insurance protection.
10. It is assumed that the funds will be considered state special revenue and that these funds will be expended for Horseracing purposes only as established and approved by the Board of Horseracing.
11. A 2.5% inflation factor is applied to all costs in FY 2012 and FY 2013.

	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>	<u>FY 2012</u> <u>Difference</u>	<u>FY 2013</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	3.00	3.00	3.00	3.00
<u>Expenditures:</u>				
Personal Services	\$90,379	\$90,379	\$92,638	\$94,954
Operating Expenses	\$53,353	\$48,453	\$49,664	\$50,906
Benefits	\$736,268	\$1,187,168	\$1,547,697	\$1,918,140
TOTAL Expenditures	\$880,000	\$1,326,000	\$1,690,000	\$2,064,000
<u>Funding of Expenditures:</u>				
State Special Revenue MDO	\$880,000	\$1,326,000	\$1,690,000	\$2,064,000
TOTAL Funding of Exp.	\$880,000	\$1,326,000	\$1,690,000	\$2,064,000
<u>Revenues:</u>				
General Fund (01)	(\$880,000)	(\$1,326,000)	(\$1,690,000)	(\$2,064,000)
State Special Revenue MDO	\$880,000	\$1,326,000	\$1,690,000	\$2,064,000
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$880,000)	(\$1,326,000)	(\$1,690,000)	(\$2,064,000)
State Special Revenue MDO	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. The fund may increase as video gambling increases.
2. If video gambling tax does not increase over FY 2008 levels, there would be no additional revenue to fund the provisions of this bill.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date